

Pirates Cove Townhome Association -- Annual Owners' Meeting Minutes

The Pirates Cove Townhome Association's Annual Owners' Meeting was called to order at approximately 3:05 P.M. on Saturday, September 26, 2009, at the Galveston Country Club by president, Liz Cook. Other Board Members present were Jerry Brewer and Virginia Brown. Liz Cook extended the Association's sympathy to Board Member, David Henley, whose father had passed away during the previous week. She also extended the Association's sympathy to Bill Murison (Unit #8) whose wife Sandy passed away earlier in the summer.

Owners in attendance introduced themselves and gave their unit number. It was established that a quorum was present. Lisa Glenn moved that the Minutes of the December 18, 2008, meeting be approved and Cathy Knecht seconded the motion, which passed unanimously.

The election of two Board Members was called, Jose Martinez expressed an interest in running for the Board and Alan Kean nominated Jose from the floor; the board nominated Virginia Brown and Jerry Brewer. Ballots were collected and tallied during the meeting.

Jerry Brewer presented a thorough overview of the *Financial Report*, the *2010 Budget*, and reviewed the *Master Plan*, line by line; copies of which were available to the members present. He answered questions from the floor. A timetable for repairs and reconstruction, including the roofing, was reviewed in conjunction with the *Master Plan* financial report. Tim Towner noted that the electrical distribution panels (along side units 10, 22 and 37) are now attached to the building and others will be as lower level walls are replaced with hardboard. The remainder will be attached to the buildings as the hardboard walls are put in place. There is no guarantee that the electrical panels will be covered by FEMA by having them attached to the building, as the insurance coverage changes from year to year. Owners were requested to forward copies of paid receipts for those exterior expenses (lattice, trash enclosure, entry/archway) that the association has agreed to refund to owners once funds become available.

Regarding the TWIA Insurance Claim, to-date PCTHA has received \$248,672.04 in two payments (Initial claim and uncontested portion of a supplemental claim). The contested portion of the supplemental claim of approximately \$1.5 Million continues to be pursued by our attorneys, of which the attorneys will receive approximately one third if we settle prior to litigation; or 40% if the association agrees to litigate the matter and request immediate mediation. The Board has been advised by counsel not to divulge the dollar amount publicly for which the Association would settle; however, the Board assured the owners it was a figure that would be supportive of the work needed.

Regarding the SBA Loan, the increased amount was determined by an SBA re-inspection of the property to assure adequate funds would be available to make all the needed repairs, since the collateral for the loan is a Special Assessment in the form of the monthly debt service to all townhome lots. The loan terms will be for 30 years at a fixed rate of 4% and would result in an increase of \$110.81 per townhouse lot, per month, until the loan is repaid with the first payment commencing in February, 2010 (five months from the loan note date). Joe Peck moved, and Paul Barker seconded, a motion to affirm a special assessment of \$110.81 per month per townhouse lot to cover the debt service required of the SBA loan with details noted above. After sufficient discussion, a hand vote was called resulting in 25 in favor and two opposed; the motion carried. The SBA loan will pay off the bridge loan and cover repairs to the complex sustained by Hurricane Ike. Discussion ensued about funding a much needed "reserve" when the SBA loan has been satisfied, although it was noted by several owners that our ongoing repair costs should be less over the next few years, barring another hurricane.

The ballot tally was completed and Liz Cook announced that Jerry Brewer and Virginia Brown were re-elected to the Board; however, Jose Martinez did receive a significant number of votes and was thanked by Liz Cook for being willing to serve. She also congratulated Jose on becoming a lieutenant on the Houston Police force and thanked him for his help with the Galveston Police Department regarding the "Power of Attorney" that would better insure an arrest for criminal activity within the complex. Tim also announced that three aluminum signs stating that we are a "Power of Attorney" Complex would be posted on the dock and at each entrance to, hopefully, deter crime.

Liz Cook mentioned that the Architectural Review Committee (composed of herself, David Henley and Pam Bailey) has the procedures and request form now posted on the community website (www.piratescovetownhomes.com) and should be used for any exterior modification requests. This process should be utilized by any owners who wish to purchase and plant a tree on the common area in front of their unit.

Open Discussion was held regarding various miscellaneous matters including the dock, fishing lights, trailers, etc.

The meeting was adjourned at approximately 4:30 P.M.

Respectfully Submitted by Lisa Glenn and Virginia Brown, and approved by Liz Cook.